



# HONG KONG MONETARY AUTHORITY

## 香港金融管理局

Our Ref.: G12/174/8C (15) III

28 September 2017

The Chief Executive  
All Authorized Institutions

Dear Sir/Madam,

### **Global Code of Conduct Standards and Practices for the Wholesale Foreign Exchange Market (the “FX Global Code”)**

I am writing to provide guidance on steps for Authorized Institutions (AIs) to follow the FX Global Code.

The FX Global Code<sup>1</sup>, representing a single set of global principles of good practices for the wholesale FX market, was published on 25 May 2017. It is intended to promote the integrity and effective functioning of the wholesale FX market by providing principle-based guidance covering areas of ethics, governance, execution, information sharing, risk management and compliance, as well as confirmation and settlement. It is the product of efforts by market participants from the public and private sectors globally. In particular, the Hong Kong Monetary Authority (HKMA) and Treasury Markets Association (TMA) had contributed to the development of the FX Global Code. Together with FX committees in other jurisdictions, the TMA has endorsed the FX Global Code<sup>2</sup>, and it has revised the TMA Code of Conduct and Practice (the “TMA Code”) by replacing the FX part in the TMA Code with the FX Global Code.<sup>3</sup>

After the publication of the FX Global Code, the HKMA has consulted the Hong Kong Association of Banks and Hong Kong Association of Restricted License Banks and Deposit-taking Companies on its adoption among AIs, and we are pleased to note that AIs are generally supportive of adopting the FX Global Code.

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<sup>1</sup> [www.globalfxc.org/fx\\_global\\_code.htm](http://www.globalfxc.org/fx_global_code.htm)

<sup>2</sup> [www.tma.org.hk/en\\_newsevents\\_n1.aspx?NewsId=306](http://www.tma.org.hk/en_newsevents_n1.aspx?NewsId=306)

<sup>3</sup> [www.tma.org.hk/en\\_publication1.aspx?pid=126](http://www.tma.org.hk/en_publication1.aspx?pid=126)

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In accordance with HKMA Supervisory Policy Manual module CG-6 “Competence and Ethical Behaviour”, AIs should, among other things, maintain adequate systems of control to ensure that their staff members observe any codes of conduct or standards issued by professional bodies of which they are members or associates, including the TMA Code. After the incorporation of the FX Global Code into the TMA Code, we expect all AIs to take appropriate steps to:

- (i) review their practices in light of the FX Global Code and ensure that they maintain adequate systems of control to support their observance of FX Global Code; and
- (ii) demonstrate such status by issuing and providing to the TMA at [fxglobalcode@tma.org.hk](mailto:fxglobalcode@tma.org.hk) the Statement of Commitment which is annexed to the FX Global Code.<sup>4</sup>

I also encourage your institution to promote the FX Global Code to counterparties and customers to which the FX Global Code should apply. Should you have any questions on this circular, you may contact Mr Barry Yip at [barry\\_kc\\_yip@hkma.gov.hk](mailto:barry_kc_yip@hkma.gov.hk) or Mr Kim-Hung Li at [khli@hkma.gov.hk](mailto:khli@hkma.gov.hk).

Yours faithfully,

Arthur Yuen  
Deputy Chief Executive

c.c. The Chairperson, The Hong Kong Association of Banks  
The Chairman, The DTC Association  
FSTB (Attn: Ms Eureka Cheung)

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<sup>4</sup> The TMA will serve as a local register for financial institutions in Hong Kong that have issued and provided the TMA with the Statement of Commitment.